

Message Text

CONFIDENTIAL

PAGE 01 STATE 040779
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DRAFTED BY E:SJCANNER
APPROVED BY E:SJCANNER
E:EJOHNSTON
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S/S:SGOLDSMITH
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C O N F I D E N T I A L STATE 040779

EXDIS FR UNDER SEC COOPER FOR AMB ENDERS

E.O. 11652: GDS

TAGS: EGEN, ETRD

SUBJECT: MANLEY LETTER

FOLLOWING IS TEXT OF MANLEY LETTER SIGNED BY PRESIDENT
CARTER. WE HAVE NOT YET CONFIRMED THAT THIS LETTER HAS
BEEN DELIVERED. UPON RECEIVING SUCH CONFIRMATION, WILL
ADVISE AND YOU MAY PASS TEXT OF LETTER ON PERSONAL BASIS
TO ROBERT JOHNSTON IN FOREIGN OFFICE.

BEGIN QUOTE: DEAR MR. PRIME MINISTER:

THANK YOU VERY MUCH FOR YOUR THOUGHTFUL LETTER OF DECEMBER
22. I WAS GLAD TO LEARN OF YOUR VIEWS ON ECONOMIC RELATIONS
AMONG DEVELOPED AND DEVELOPING COUNTRIES.

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THE ISSUES YOU HIGHLIGHTED--COMMODITIES, DEBT, ENERGY, AND
THE TRANSFER OF RESOURCES--ARE ALL IMPORTANT. AS YOU KNOW,
MY ADMINISTRATION IS EAGER TO COOPERATE WITH OTHER NATIONS
FOR GLOBAL ECONOMIC DEVELOPMENT, AND I GREATLY VALUE OUR
CLOSE WORKING RELATIONSHIP IN THESE ENDEAVORS. I UNDER-
STAND THAT UNDER SECRETARY COOPER WILL INVITE SIR EDGAR

RICHARDSON TO WASHINGTON TO DISCUSS THESE NORTH-SOUTH ISSUES AS WELL AS BILATERAL CONCERNS. WE KNOW THAT NEW EFFORTS ARE NEEDED TO SOLVE WORLDWIDE ECONOMIC PROBLEMS, AND WE HOPE THAT THE NEW UNITED NATIONS GENERAL ASSEMBLY AD HOC COMMITTEE OF THE WHOLE WILL HELP US IN THAT SEARCH.

LET ME REAFFIRM THE UNITED STATES' COMMITMENT TO STRENGTHENING THE INTERNATIONAL SYSTEM FOR COMMODITY TRADING. WE WILL CONTINUE TO SEARCH FOR SOUND, EFFECTIVE WAYS TO DEAL WITH THE PROBLEMS OF INDIVIDUAL COMMODITIES WITHIN THE FRAMEWORK OF THE UNCTAD INTEGRATED PROGRAM. ON THE COMMON FUND, I REGRET THAT THE NEGOTIATIONS HAVE NOT PROGRESSED AS RAPIDLY AS WE BOTH HAVE WISHED. AT THE NOVEMBER NEGOTIATING CONFERENCE, THE INDUSTRIALIZED COUNTRIES PROPOSED A FORMULA FOR AN EFFECTIVE COMMON FUND, WHICH WE HOPE WILL PROVIDE A BASIS FOR FRUITFUL NEGOTIATIONS WHEN THEY RESUME.

WE BELIEVE THAT A COMMON FUND SHOULD SUPPORT COMMODITY ARRANGEMENTS BETWEEN PRODUCERS AND CONSUMERS THAT ARE DESIGNED TO STABILIZE PRICES AROUND THEIR LONG-TERM MARKET TRENDS. IN OUR VIEW, A GENERAL EXPANSION OF WORLD TRADE WOULD DO MORE THAN ANYTHING ELSE TO IMPROVE THE OVERALL EXPORT EARNINGS OF DEVELOPING COUNTRIES. WE ARE WORKING TOWARD THIS GOAL IN THE GENEVA TRADE NEGOTIATIONS AND ENCOURAGE YOUR LEADERSHIP.
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AS YOU NOTE, ENERGY PRICES CONCERN BOTH OF US GREATLY. WE SHOULD EXAMINE ALL ASPECTS OF THIS ISSUE--FOR INSTANCE, THE RELATIONSHIP BETWEEN OIL PRICE INCREASES AND DEBT. THE FIVEFOLD INCREASE IN OIL PRICES SINCE 1973 CREATED BALANCE OF PAYMENTS PROBLEMS FOR BOTH OUR COUNTRIES, AS THEY DID AROUND THE WORLD. THESE INCREASES HAVE SLOWED THE PACE OF DEVELOPMENT. WE ARE CONCERNED ABOUT THE DEBT ISSUE AND ARE DISCUSSING IT IN APPROPRIATE FORUMS, SUCH AS UNCTAD AND THE IBRD/IMF DEVELOPMENT COMMITTEE.

I AGREE WITH YOU THAT INCREASED TRANSFERS TO DEVELOPING COUNTRIES ARE NECESSARY. AT THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION, THE UNITED STATES AND OTHER COUNTRIES PLEDGED TO INCREASE THEIR DEVELOPMENT ASSISTANCE SUBSTANTIALLY. MY ADMINISTRATION WILL CARRY OUT ITS COMMITMENT AS WE SEEK APPROPRIATION OF ADDITIONAL DEVELOPMENT ASSISTANCE FROM THE CONGRESS IN COMING YEARS.

MY ADMINISTRATION WILL APPEAL TO THE CONGRESS TO CONTINUE ITS SUPPORT FOR US PARTICIPATION IN THE INTERNATIONAL FINANCIAL INSTITUTIONS. WE WILL JOIN IN A GENERAL CAPITAL

INCREASE OF THE WORLD BANK. WE ARE DETERMINED TO SUPPORT
SUBSTANTIAL REPLENISHMENTS OF INTER-AMERICAN AND THE
CARIBBEAN DEVELOPMENT BANKS. WE EXPECT TO WIN
CONGRESSIONAL APPROVAL OF THE UNITED STATES' PARTICIPATION
IN THE IMF'S NEW SUPPLEMENTARY FINANCE FACILITY. IT IS

IMPORTANT TO RECOGNIZE, HOWEVER, THAT THERE ARE LIMITS TO
THE AMOUNT OF ASSISTANCE WHICH THE US AND OTHER DEVELOPED
COUNTRIES CAN PROVIDE. AS YOU NOTE IN YOUR LETTER,
ADDITIONAL ECONOMIC ASSISTANCE MUST BE PROVIDED BY OIL-
PRODUCING COUNTRIES AS WELL AS TRADITIONAL DONORS.

WE MUST REMEMBER THAT MUCH OF THE EXTERNAL CAPITAL THE
DEVELOPING WORLD RECEIVES COMES FROM THE PRIVATE SECTOR--
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AND THAT THEIR SHARE IS LIKELY TO INCREASE. THEREFORE, IT
IS IN OUR INTERESTS TO ENSURE THAT MEASURES ARE NOT TAKEN
WHICH WOULD DISCOURAGE THESE FLOWS. AT YOUR REQUEST, I
HAVE INSTRUCTED THE COMMERCE AND STATE DEPARTMENTS TO
COOPERATE WITH YOUR GOVERNMENT TO DO AN ANALYSIS AND A
REPORT OF THE INVESTMENT CLIMATE OF JAMAICA, OFFERING
SUGGESTIONS ON HOW IT COULD BE IMPROVED.

SINCERELY

JIMMY CARTER

THE HONORABLE
MICHAEL NORMAN MANLEY, M.P.
PRIME MINISTER OF JAMAICA
KINGSTON END QUOTE. VANCE

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Message Attributes

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